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SUBJECT: RUSSIA - MONGOLIA RELATIONS

Classified By: Political M/C Alice G. Wells. Reasons 1,4 (B/D).

11. (C) Summary. The October 3 visit to Moscow by Mongolian Foreign Minister Enkhbold reaffirmed the historically good relations between Russia and Mongolia. GOR officials, the Mongolian Embassy, and the Mongolian Consulate General in Ulan Ude expressed satisfaction with the state of the relationship. Both sides desire to increase the trade volume. A minor irritant for the Mongolians is Russia's high tariffs on Mongolian goods destined both for the Russian market and European markets. End summary.

Relations Good As Always

12. (U) At an October 3 press conference, FM Lavrov characterized the Mongolian FM's October 3 visit as a follow-up to the Mongolian President's Moscow visit a year ago, with the goal of transforming the agreed political documents into concrete economic/trade programs that were to be realized by the year 2010. Lavrov also described an upcoming Business Forum and the "Day of Ulaanbaatar" with the Ulaanbaatar mayor's participation, which an intergovernmental commission is preparing for November in Moscow. Lavrov underlined that the bilateral relationship has a "consultative" character, and includes the two countries' work on security in the Central Asian and the Asian-Pacific regions.

Could Be Better

13. (C) Mongolian Embassy Political Counselor Badarch Suvd agreed that politically the relationship lacks nothing, but wished that in the economic/trade sphere Russia would be a little more generous. According to Suvd, the Mongolian side hoped to double by 2010 the current USD 500 million a year trade. The GOR could help by applying less strict rules to Mongolia's meat imports and lower tariffs to boost trade. Russia's high tariff on Mongolian goods transiting to the European market is also affecting Mongolia's overall trade development, she added.

Squeezed Between the Two Powers

14. (C) Suvd stressed that Mongolia's foreign policy priority is, of necessity, to get along with all of its neighbors. With large neighbors like Russia and China, Mongolia has no alternative, she said. The most important goal for Mongolia is economic development to which all politics takes a back seat. For this reason, Mongolia remains equidistant from the two Koreas, cultivating economic opportunities with both. For the same reason, Mongolia pursues economic interests through the Shanghai Cooperation Organization (SCO), although it has no intention of joining it in the near future. Suvd said that Mongolians are proud of President Bush's 2005 visit to their country and the Mongolian President's October 23-25 trip to New York, which is part of ongoing Mongolia's efforts

to find its place in the international community.

Views from Ulan Ude

15. (C) Mongolia is the only country which has diplomatic representation in Ulan Ude, the capital of Buryatia. It also, along with China and Poland, has a consulate in the neighboring Irkutsk region. Among the 1,300 Mongolian students in Russia, four hundred are studying in Ulan Ude's five higher education institutions, among them the Buryat State University and the Siberian Technical University, which have branches in Ulaanbaatar. According to Mongolian Counsel General Chimidorzh Agvandamdin, 80 work permits are given to Mongolians each year in Ulan Ude. Most Mongolian traders try to avoid competition with the Chinese. Chimidorzh said, "There is neither cooperation nor competition between the Mongolians and Chinese in Ulan Ude."

16. (C) The 1,800 km border between Russia and Mongolia, with more than 20 border crossing points, is quiet, and there are no demarcation disputes. The only notable annoyance is in the nearby Tuva Republic where bands raid herds in Mongolia. The Mongolian government declared Astambodok, the border town across the border from the Russian town of Kyakhta, in Buryatia, a free economic zone a few years ago. The consul general lamented that unfortunately, not much has happened there since, because of lack of investment. More than ten percent of Russia-Mongolia's trade transits Buryatia, with meat and meat products to Russia and wood, oil and machinery to Mongolia.

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